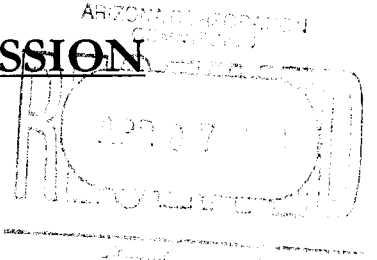


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02096A
Verde Lee Water Company
P. O. Box 984
Clifton AZ 85533

ANNUAL REPORT

FOR YEAR ENDING

12	31	2002
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*En Tarea
4-8-03
C.M.*

FOR COMMISSION USE

<i>ANN 04</i>	<i>02</i>
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COMPANY INFORMATION

Company Name (Business Name) Verde Lee Water Co., Inc.			
Mailing Address PO Box 984			
(Street)			
Clifton	AZ	85533	
(City)	(State)	(Zip)	
(928) 865-4912	(928) 428-0802	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address N/A			
Local Office Mailing Address P O Box 984			
(Street)			
Clifton	AZ	85533	
(City)	(State)	(Zip)	
(928) 865-4912	(928) 428-0802	N/A	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address N/A			

MANAGEMENT INFORMATION

Management Contact: Forrest G. Wilkerson President/Gen. Manager			
(Name)		(Title)	
727 W. Relation St.	Safford	AZ	85546
(Street)	(City)	(State)	(Zip)
(928) 865-4912	(928) 428-0802	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address N/A			
On Site Manager: Forrest G. Wilkerson			
(Name)			
727 W. Relation St.	Safford	AZ	85546
(Street)	(City)	(State)	(Zip)
(928) 428-3190	(928) 428-0802	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address N/A			

Statutory Agent: Forrest G. Wilkerson

(Name)

727 W. Relation

(Street)

Safford

(City)

AZ

(State)

85546

(Zip)

(928) 428-3190

Telephone No. (Include Area Code)

(928) 428-0802

Fax No. (Include Area Code)

N/A

Pager/Cell No. (Include Area Code)

Attorney: Irval Mortensen

(Name)

702 8th Ave.

(Street)

Safford

(City)

AZ

(State)

85546

(Zip)

(928) 428-2700

Telephone No. (Include Area Code)

N/A

Fax No. (Include Area Code)

N/A

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☒ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	174,003	10,840	163,163
304	Structures and Improvements	-	-	-
307	Wells and Springs	44,748	33,536	11,212
311	Pumping Equipment	59,071	54,000	5,071
320	Water Treatment Equipment	-	-	-
330	Distribution Reservoirs and Standpipes	182,711	138,469	44,242
331	Transmission and Distribution Mains	241,072	203,052	38,020
333	Services	-	-	-
334	Meters and Meter Installation	15,590	14,776	814
335	Hydrants	-	-	-
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	116,830	84,549	32,281
340	Office Furniture and Equipment	431	431	-
341	Transportation Equipment	2,436	2,436	-
343	Tools, Shop and Garage Equipment	2,303	1,478	825
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	839,195	543,567	295,628

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Percentage Depreciation (2)	Depreciation Expense (1x2)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	174,003	0.01	20
304	Structures and Improvements	-	-	-
307	Wells and Springs	44,748	9.98	4,470
311	Pumping Equipment	59,071	28.77	16,995
320	Water Treatment Equipment	-	-	-
330	Distribution Reservoirs and Standpipes	182,711	2.69	4,915
331	Transmission and Distribution Mains	241,072	2.03	4,896
333	Services	-	-	-
334	Meters and Meter Installation	15,590	14.98	2,336
335	Hydrants	-	-	-
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	116,830	1.98	2,316
340	Office Furniture and Equipment	431	-	-
341	Transportation Equipment	2,436	-	-
343	Tools, Shop and Garage Equipment	2,303	14.32	330
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	839,195	4.32	36,278

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 34,547	\$ 42,689
134	Working Funds	-	-
135	Temporary Cash Investments	-	-
141	Customer Accounts Receivable	7,046	6,421
146	Notes/Receivables from Associated Companies	-	-
151	Plant Material and Supplies	-	-
162	Prepayments	-	1,552
174	Miscellaneous Current and Accrued Assets	-	-
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 41,593	\$ 50,662
		-	-
	FIXED ASSETS	-	-
101	Utility Plant in Service	\$ 809,582	\$ 839,195
103	Property Held for Future Use	-	-
105	Construction Work in Progress	-	-
108	Accumulated Depreciation - Utility Plant	(507,288)	(543,567)
121	Non-Utility Property	-	-
122	Accumulated Depreciation - Non Utility	-	-
	TOTAL FIXED ASSETS	\$ 302,294	\$ 295,628
	TOTAL ASSETS	\$ 343,887	\$ 346,290

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 551	\$ 608
232	Notes Payable (Current Portion)	-	-
234	Notes/Accounts Payable to Associated Companies	-	-
235	Customer Deposits	-	-
236	Accrued Taxes	-	-
237	Accrued Interest	-	-
241	Miscellaneous Current and Accrued Liabilities	3,017	506
	TOTAL CURRENT LIABILITIES	\$ 3,568	\$ 114
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ -	\$ -
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	-	-
255	Accumulated Deferred Investment Tax Credits	-	-
271	Contributions in Aid of Construction	-	-
272	Less: Amortization of Contributions	-	-
281	Accumulated Deferred Income Tax	-	-
	TOTAL DEFERRED CREDITS	\$ -	\$ -
	TOTAL LIABILITIES	\$ 3,568	\$ 1,113
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 328,920	\$ 328,920
211	Paid in Capital in Excess of Par Value	-	-
215	Retained Earnings	11,399	16,256
218	Proprietary Capital (Sole Props and Partnerships)	-	-
	TOTAL CAPITAL	\$ 340,319	\$ 345,176
	TOTAL LIABILITIES AND CAPITAL	\$ 343,887	\$ 346,290

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 102,539	\$ 101,056
460	Unmetered Water Revenue	-	-
474	Other Water Revenues	-	-
	TOTAL REVENUES	\$ 102,539	\$ 101,056
	OPERATING EXPENSES		
601	Salaries and Wages	17,643	21,243
610	Purchased Water	-	-
615	Purchased Power	5,075	7,211
618	Chemicals	-	-
620	Repairs and Maintenance	1,750	575
621	Office Supplies and Expense	1,425	1,972
630	Outside Services	12,120	9,129
635	Water Testing	1,430	3,945
641	Rents	3,600	3,600
650	Transportation Expenses	3,443	2,876
657	Insurance-General Liability	273	888
659	Insurance-Health and Life	405	227
666	Regulatory Commission Expense - Rate Case	-	-
675	Miscellaneous Expense	97	-
403	Depreciation Expense	22,577	36,278
408	Taxes Other Than Income	1,465	1,744
408.11	Property Taxes	4,542	5,209
409	Income Tax	2,828	1,280
	TOTAL OPERATING EXPENSES	\$ 78,673	\$ 96,177
	OPERATING INCOME/(LOSS)	23,866	4,879
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income	3	4
426	Miscellaneous Non-Utility Expenses	-	(25)
427	Interest Expense	(2,038)	-
	TOTAL OTHER INCOME/EXP	\$ (2,035)	\$ (21)
	NET INCOME/(LOSS)	\$ 21,831	\$ 4,858

COMPANY NAME Verde Lee Water Co., Inc.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A			
Source of Loan				
ACC Decision No. 6/9/2000				
Reason for Loan				
Dollar Amount Issued				
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest				
Current Year Principle				

Meter Deposit Balance at Test Year End \$ 0.

Meter Deposits Refunded During the Test Year \$ 0.

COMPANY NAME Verde Lee Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
D5-30-10-1	2.5	200+	8	NONE
D5-30-10-2	7.5	150	8	NONE
D5-30-10-3	5.0	30	8	NONE
D5-30-10-4	5.0	18	8	NONE

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.)= 0

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	4	None	None

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
125,000	1	2000	1
125,000	1	2500	1
125,000	1		
125,000	1		

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4	Hvy - PVC	8000
5		
6	Hvy - PVC	30716
8	Hvy - PVC	2100
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	190
3/4	
1	
1 1/2	1
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

Buildings, Fences, Rock Walls, Warehouse, Dikes, Paving, Metal Racks, Culverts, Restructure, Gates, Land Improvements

OTHER:

N/A

COMPANY NAME Verde Lee Water Co., Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED (Thousands)
JANUARY	184	1246800	Is 3% per year more than Gallons Sold - for periodic pipe flushing and testing
FEBRUARY	186	1250500	
MARCH	178	1401300	
APRIL	179	2033500	
MAY	182	2433900	
JUNE	181	2983500	
JULY	180	2524900	
AUGUST	182	1878500	
SEPTEMBER	182	2591700	
OCTOBER	179	2763900	
NOVEMBER	181	1242500	
DECEMBER	173	903800	
TOTAL		N/A	

23254800

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well in your system (if more than one well, please list each separately)

Well 55623671 - 0.024mg/1

Well 55623670 -- 0.020mg/1

Well 55623672 -- 0.014mg/1

Well 55588765 -- 0.027mg/1

Note: *If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME Verde Lee Water Co. Inc.

YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 5,209.08

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why.

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>857</u>
Estimated or Actual Federal Tax Liability	<u>857</u>

State Taxable Income Reported	<u>423</u>
Estimated or Actual State Tax Liability	<u>423</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>-0-</u>
Amount of Gross-Up Tax Collected	<u>-0-</u>
Total Grossed-Up Contributions/Advances	<u>-0-</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Graham	
NAME (OWNER OR OFFICIAL) Forrest G. Wilkerson	TITLE General Manager
COMPANY NAME Verde Lee Water Co., Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

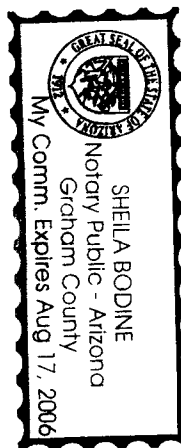
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 107,410

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 6,354
IN SALES TAXES BILLED, OR COLLECTED

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Forrest G. Wilkerson
SIGNATURE OF OWNER OR OFFICIAL



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

2nd

DAY OF

(SEAL)

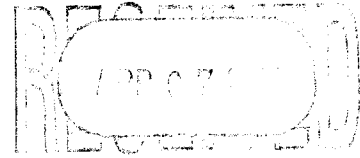
MY COMMISSION EXPIRES

8/17/06

NOTARY PUBLIC NAME	Sheila Bodine
COUNTY NAME	Graham
MONTH	April, 2
	2003

X *Sheila Bodine*
SIGNATURE OF NOTARY PUBLIC

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only



VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Graham
NAME (OWNER OR OFFICIAL) TITLE	Forrest G. Wilkerson, Gen. Manager
COMPANY NAME	Verde Lee Water Co., Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

s 107,410

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 6,354

IN SALES TAXES BILLED, OR COLLECTED

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 2nd DAY OF

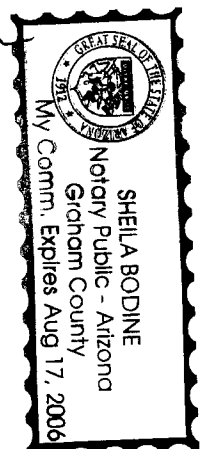
(SEAL)

MY COMMISSION EXPIRES 8/17/06

Forrest G. Wilkerson
SIGNATURE OF OWNER OR OFFICIAL
928 (428) 3190
TELEPHONE NUMBER

COUNTY NAME	Graham
MONTH	April 2003

SIGNATURE OF NOTARY PUBLIC



4548

VERDE LEE WATER CO., INC.

P.O. BOX 984
CLIFTON, AZ 8553391-29
1221

DATE 6-12-02

PAY
TO THE
ORDER OF

GREENLEE COUNTY TREASURER

\$2526.74

TWO THOUSAND FIVE HUNDRED TWENTY SIX & 74/100 DOLLARS

BANK ONE.Bank One, Arizona, NA
Phoenix, Arizona 85073
www.bankone.com

FOR 2nd HALF 2001 PROPERTY TAX

Forest J. Wilkerson

⑈004548⑈ ⑆122100024⑆

20904621⑈

⑈0000252674⑈

3825 STOCKTON HILL

061702

021030032480 61702
STOCKMENS BANK

3603000260

122105045
TINEMAN, AZ 8640

JUN 17 02

THE STOCKMENS BANK
MORRISON, AZ 8530
▲ 122105045
FOR DEPOSIT ONLY
GR-0648787/02
JUN 17 02
SER

VERDE LEE WATER CO., INC.

P.O. BOX 984
CLIFTON, AZ 85533

4610

DATE 10-1-02

91-29
1221

PAY
TO THE
ORDER OF

GREENLEE COUNTY TREASURER

\$ 2682.34

TWO THOUSAND, SIX HUNDRED, EIGHTY TWO & 34/100

DOLLARS  Security Features
Included.
Details on Back.

BANK ONE

Bank One, Arizona, NA
Phoenix, Arizona 85073
www.bankone.com

FOR 1ST HALF 2002 PROPERTY TAX

Joseph G. Wilken MP

⑈004610⑈ ⑆122100024⑆

20904621⑈

⑈0000268234⑈

STOCKMENS BANK

400025885 10-03-02 ⑈122105045⑈
00000000260

0095122013 10/04/2002 5661 1 2
BANK ONE, NA-ARIZONA

KNOWMAN, AT 6840

01-17571571

⑈00268550⑈